COMPANIES, IPOs, AND WHY PRICES MOVE

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TL;DR

- Shares are born when a company sells pieces of itself to the public - an IPO - usually to raise money for growing the business.

- After the IPO, shares trade between investors on exchanges; the company isn't a party to your trades, and the price is simply the last trade agreed.

- Prices move because expectations move: company results, the wider economy, and the crowd's mood - all pulling on the same dial.

THE TAKEAWAYS

- An IPO (initial public offering) is a private company selling shares to the public for the first time. From then on it must report its finances publicly - the trade for the money is scrutiny.

- Once public, a share's price is set by supply and demand between investors. The quoted price is just the most recent trade - a continuous vote on expectations, settled in dollars.

- The four everyday drivers: (1) the company's results and outlook, (2) the wider economy - interest rates, jobs, inflation, (3) news and expectations about both, (4) the crowd itself - fear and greed change what people will pay for the same earnings.

- A price can move with no news about the company at all: when the whole market reprices, everything on the shelf gets marked together.

RULE: The tape shows you the result of a move, never the reason. Anyone certain about why a stock moved today is telling you a story, not a fact.

COMMON MISTAKES

- Thinking the company profits when you buy its stock at a high price. It isn't in the trade; another investor is.

- Explaining every move with the nearest headline. Most moves have many parents; some have none you'll ever know.

- Confusing a great company with a great price. Both halves get a vote - overpaying is its own loss (Lesson 1's trap).

- Reading an IPO as a seal of quality. An IPO is a financing event, not a grade - plenty of IPOs fall for years after listing.

DO IT - RESULT, NOT REASON

Open the SPY Sheet and write down today's SPY move (price and %) with the time. Under it, write three possible drivers - and label all three 'hypothesis.' Tomorrow, check which story the headlines picked, and whether the price agreed. You're training the journal habit Stage 0's rules assume.

Education only - not financial advice. SPY fund facts: State Street SPDR S&P 500 ETF Trust page, checked Oct 15, 2026. SPY Sheet figures: vajgrtlabs.com/spy, Oct 15, 2026. Vajgrt Labs - Education.